

**MINUTES OF THE  
UTAH TAX REVIEW COMMISSION**

Thursday, November 12, 2009 – 1:30 p.m. – Room 445 State Capitol

**Members Present:**

Mr. M. Keith Prescott, Chair  
Mr. David Crapo, Vice Chair  
Sen. J. Stuart Adams  
Mr. Lawrence R. Barusch  
Mr. Mark K. Buchi  
Ms. Janis A. Dubno  
Sen. Brent Goodfellow  
Comm. Bruce Johnson  
Rep. Christine A. Johnson  
Rep. Todd E. Kiser  
Mr. Dixie Leavitt  
Mr. Lawrence C. Walters

**Members Absent:**

Rep. John Dougall  
Sen. Lyle W. Hillyard  
Ms. Kathleen Howell  
Mr. Bruce Jones

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Mr. Leif G. Elder, Policy Analyst  
Mr. Bryant R. Howe, Assistant Director  
Mr. Robert H. Rees, Associate General Counsel  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Phalin L. Flowers, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. TRC Business**

Chair Prescott called the meeting to order at 1:34 p.m. Rep. Dougall, Sen. Hillyard, Ms. Howell, and Mr. Jones were excused from the meeting.

**MOTION:** Comm. Johnson moved to amend the minutes of the October 8, 2009 meeting by changing "2010" to "2012" under the second and third motions and to approve the amended minutes. The motion passed unanimously.

**2. Sales and Use Tax on Food**

Mr. Buchi discussed the draft letter regarding the sales and use tax on food and food ingredients that the sales and use tax working group drafted. He answered questions posed by the chairs of the Revenue and Taxation Interim Committee.

Mr. Walters distributed and discussed a memo regarding the effects of restoring the sales and use tax on food and food ingredients. He voiced concerns with linking a tax credit to compensate low income taxpayers who pay a sales and use tax on food with the federal earned income tax credit (EITC).

Comm. Johnson discussed the possible creation of a new tax form for a state EITC and the issues that would need to be addressed. He said that audit procedures would need to be in place to ensure compliance.

Mr. Prescott thanked the working group for its report. He said that he has spoken about this issue with representatives of groups that advocate on behalf of Utahns with low incomes. He said that more work is needed to identify who should be eligible for this proposed state EITC.

Mr. Val Oveson, Certified Public Accountant, said that fraud has been a large problem with the federal EITC and that enforcement is difficult. He encouraged the TRC to support the federal government in its efforts to educate individuals to file an income tax return to see if they qualify for the EITC. He also recommended that the state link with the federal EITC for administrative simplicity.

Mr. Barusch suggested adding to the first sentence on page 9 of the draft letter "provided measures to mitigate the regression of such action are also enacted."

Rep. Kay McIff said his proposal addresses the regressivity of the sales and use tax on food and food ingredients by providing for a state EITC. He said that with a few additional lines on the state individual income tax return, low income taxpayers could easily claim this new state EITC.

Ms. Allison Rowland, Voices for Utah Children, spoke in support of the federal EITC and said that it creates more income tax filers, is used more than food stamps or Temporary Assistance for Needy Families (TANF), and is a tax benefit supported by low income individuals.

Mr. Ron Hilton, representing Americans for Fair Taxation and fairtax.org, recommended that taxpayers receive money in advance to pay the sales and use tax on food.

Ms. Linda Hilton, Coalition of Religious Communities, said there are challenges to reach certain individuals who don't file an individual income tax return who would qualify for a state EITC. She argued that the best way to help the target population is to keep the current sales and use tax treatment of food and food ingredients.

Ms. Sheila Walsh-McDonald, Community Action Program, said her agency works to improve participation in the EITC, but said it is still not reaching certain individuals.

**MOTION:** Mr. Walters moved to adopt the draft letter regarding sales and use tax on food and food ingredients with the amendment to add "provided measures to mitigate the regression of such action are also enacted" after the first sentence on page 9, and with an undefined mechanism to address regressivity. The motion passed with Sen. Adams, Mr. Crapo, Rep. Johnson, Rep. Kiser, and Mr. Leavitt voting in opposition.

Rep. Kiser said that he appreciates the expertise of TRC members regarding this issue. He said that it is important to ensure the stability of the sales and use tax base.

Chair Prescott requested information on Utah's food inflation over the past two years versus the national inflation rate on food.

**MOTION:** Ms. Dubno moved to draft a letter to the Legislature that includes a list of potential options for mitigation of the regressivity of the sales and use tax on food, including the pros and cons and any graphs and tables that inform the Legislature as to the nature, advantages, and disadvantages of each option. The motion passed unanimously.

Mr. Elder distributed and discussed "State and Local Taxes as Percent of Personal Income."

### **3. Other Items / Adjourn**

**MOTION:** Mr. Barusch moved to adjourn the meeting. The motion passed unanimously.

Chair Prescott adjourned the meeting at 4:08 p.m.